



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 22, 2001

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 4523

William Bown
Utah Building Stone Supply
842 West 400 North
West Bountiful, Utah 84087

Re: **Division Directive** to Replace Reclamation Surety, Utah Building Stone Supply, Grouse Creek Mine,
M/003/031, Box Elder County, Utah

Dear Mr. Bown:

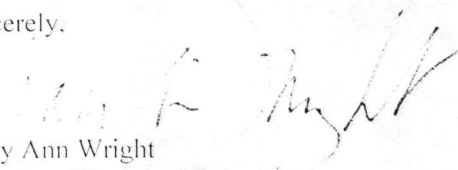
You have previously been notified that the Division was in the process of changing the surety rule standards for large mining operations. The Division's new surety rules (R647-4-113), were approved by the Board of Oil, Gas and Mining and became effective October 1, 2001. The rules now require that a surety company have a rating of "A-" or better, or a Financial Performance Rating of 8 or better, according to the A.M. Best's Key Rating Guide and be continuously listed on the Department of Treasury, Circular 570. The Division currently holds a surety bond issued by Far West Insurance Company in the amount of \$12,500 for your Grouse Creek operation. Currently, Far West Insurance Company has a Best's Rating of "C-."

Because the Grouse Creek Mine recently expanded beyond the 12.6 approved acreage to a total of 13.8 acres, the reclamation surety amount must be increased. The revised surety amount is \$16,700 (surety estimate enclosed).

Utah Building Stone Supply, is hereby directed to post a replacement surety in the amount of \$16,700 within 120 days of receipt of this letter or no later than February 25, 2002. Utah Mining Law does not allow a large mine to operate without a secure form of reclamation surety in place at all times. You will also need to replace the Reclamation Contract (Form MR-RC enclosed) which is tied directly to the reclamation surety. Please inform us as to what form of surety you propose to post so we can provide you with the current bonding forms. Please provide the Division with a "draft" of the new replacement surety and Reclamation Contract, so that we can check them for completeness and accuracy, before they are finalized.

If you have any questions regarding this letter, please call me at (801) 538-5306 or D. Wayne Hedberg at (801) 538-5286. Thank you for your immediate attention to this matter.

Sincerely,


Mary Ann Wright
Associate Director, Mining

jb
Enclosure: Form MR-RC, surety estimate
M03-31-surety.doc

